



Hamilton County

BOARD OF COMMISSIONERS

Gregory Hartmann
David Pepper
Todd Portune

County Administrator

County Administration Building, Room 603
138 East Court Street, Cincinnati, OH 45202-1226

ADMINISTRATOR
Patrick J. Thompson
Phone: (513) 946-4420

Phone: (513) 946-4400
Fax: (513) 946-4330
TDD/TTY: (513) 946-4719
www.hamiltoncountyohio.gov

To: Board of County Commissioners
Patrick Thompson, County Administrator

From: Christian Sigman, Assistant County Administrator

Copy: Jeff Aluotto, Assistant County Administrator
Moira Weir, Assistant County Administrator
Office of Budget and Strategic Initiatives

Date: August 18, 2010

Subject: July 2010 Budget Projections

SUMMARY

- General fund revenues are projected \$2.02 million above the 2010 budget. This is the product of a number of revenue sources projected to come in over budget, notably sales tax revenue, or under budget, notably interest earnings and Clerk of Courts collections. Please note that the positive variance is also a product of a one-time revenue from the sale of county property as well as 2009 revenues received in 2010. Comments on each department are provided in the general fund revenue section of this report.
- General fund expenditures are projected \$736 thousand under the 2010 budget. This is a result of nearly all departments projecting to come in under budget with a few exceptions, most notably the Prosecutor's office. This overage will be addressed later in the year by using \$750,000 of available balance within the Prosecutor's Delinquent Real Estate fund. The general fund is on track to meet the 2010 dashboard objective of maintaining 2010 general fund expenditures within 0.5% of the originally appropriated funding level.
- The year-end general fund reserve is projected at \$19.8 million, or 9.4% of ongoing expenditures. This figure includes the projected receipt of Delinquent Real Estate Fund resources from the Prosecutor's Office.

INTRODUCTION

The following projections are based on actual activity from January through July 2010 as well as anticipated changes that will take place throughout the balance of the year.

The Office of Budget and Strategic Initiatives (BSI) will continue to closely monitor expenditures and revenues through the remainder of 2010.

GENERAL FUND REVENUE

General fund revenue projections are \$2.02 million¹, or slightly more than a percentage point, above the 2010 budget.

Departments with substantial variances in budgeted revenues include the following:

- **Auditor** Revenue is projected to be \$4.7 million above budget, a \$545,000 improvement from June projections. As the Auditor's office collections account for over 60% of general fund revenues, the budget office provides its projections by major revenue categories in the table below.

Table I – Auditor Revenue Projections, July 2010

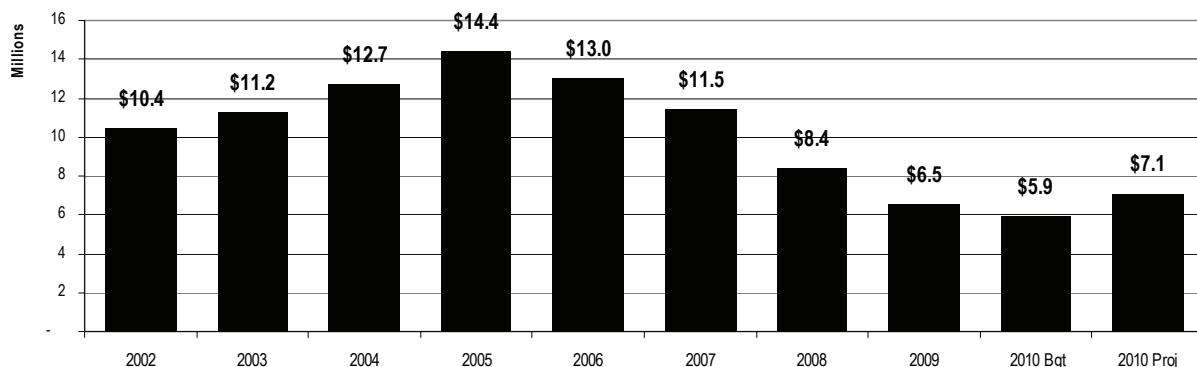
Revenue	Budget	Projection	Variance	% Variance
Sales Tax	57,560,000	59,900,000	2,340,000	4.1%
Local Government Fund	17,990,000	19,530,000	1,540,000	8.6%
Real Estate Transfers	5,910,500	7,077,000	1,166,500	19.7%
All Other Revenue	4,833,200	4,999,885	166,685	3.4%
Property Tax	49,538,558	49,069,220	(469,338)	-0.9%
	135,832,258	140,576,105	4,743,847	3.5%

- **Sales Tax** For 2010 the budget office estimated sales tax at a decrease from 2009 projections by 9% in the first five months of the year, and 2% thereafter. Actual sales tax performance for the first eight months of 2010 has exceeded budget by \$2.9 million; however sales tax collections are level with the same period in 2009. In June, July and August we have seen three consecutive months of growth over 2009. The remaining four months of 2010 continue to be projected 5% below the same period 2009.
- **Local Government Fund** Local government fund revenue is projected \$1.5 million (8.6%) above budget due to better than anticipated performance in state tax collections. The revenue was budgeted at a 10% decrease from 2009 collections, but in the first seven months, it has averaged a decrease of 2.1%. The remaining five months now reflect an 8% decrease from 2009 and will continue to be revised upward if state revenue collections improve.

¹ Summary figures throughout the document may vary slightly from the sum of the detailed items due to rounding.

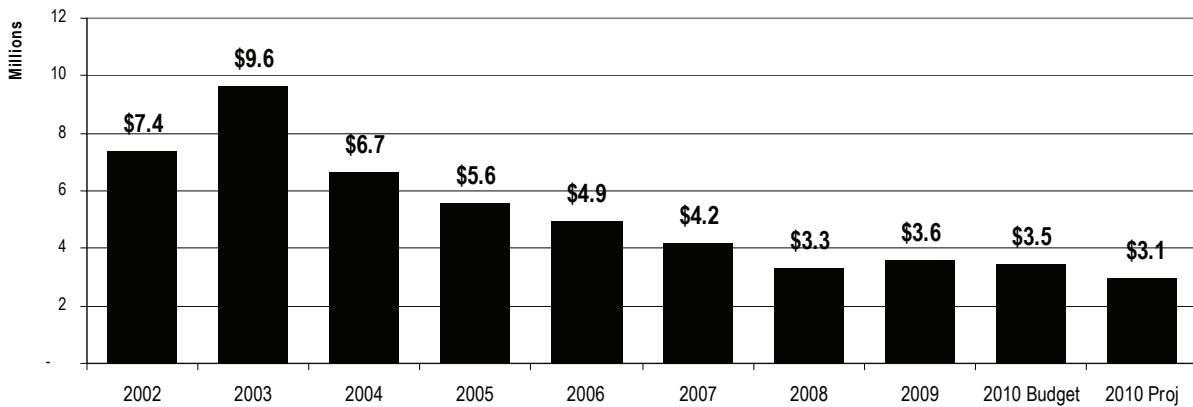
- **Real Estate Transfer and Conveyance Fees** Real Estate transfer and conveyance fees were budgeted in 2010 at a decrease of 9.7% from 2009 collections. Actual 2010 collections have increased 24.6% from 2009 collections in the first seven months. The budget office continues to project a 9.7% decrease for the remainder of the year due to the expiration of the federal new home buyer tax credit. July revenue is the first month to show the impact of the expiration, with collections decreasing 5.8% from 2009.

Chart 1 – Transfer and Conveyance Fees, 2002-2010



- **Property Tax** Property tax settlements through the first half, and the Auditor's office calculation of the impact of Duke Energy's suspension of public utility tax payments suggests total collections at 0.9% below budget, resulting in the projected decrease of \$470,000 from budgeted collections.
- Other Auditor revenues are projected \$167,000 above budget due primarily to additional collections in the financial institution tax.
- **Treasurer** Projected interest earnings are \$300,000 less than the Treasurer's office estimate, with a decrease of \$1.9 million from the 2010 budget. This shortfall is mainly due to record low interest rates.
- **Clerk of Courts** Revenues are projected \$1.2 million below 2010 budget. The majority of the shortfall, \$659,000 is attributed to Municipal – Criminal/Traffic collections. It is anticipated that \$300,000 of the \$600,000 budgeted transfer from the Title Administration fund to cover expenses will not be needed thus increasing the shortfall in budgeted revenues. The \$300,000 transfer is netted against the \$1.2 million revenue shortfall for a net variance of \$937,000.
- **Recorder** Recorder's office fees are \$307,000 below budget, the result of a decrease in the number of transactions. July collections are decreased 12.7% from 2009 collections. The budget office projection assumes a decrease of 12.7% for August-December. Chart 2 indicates that 2010 collections are projected at 32.4% of the county's peak year of 2003.

Chart 2 – Recorder Fees, 2002-2010



- **Building and Development** Revenue is projected \$207,000 over budget due to increased building permit activity.
- **County Facilities** Revenue is projected \$240,000 over budget due to \$400,000 of one-time revenue from the sale of the Breyer School property.

GENERAL FUND EXPENDITURES

General fund expenditures are projected to be \$736 thousand, or roughly a third of a percentage point, under the 2010 budget.

Departments with substantial variances in budgeted expenses or potential issues include the following:

- **Court of Common Pleas** The Court is projected to be approximately \$860,000 under budget due to bids for the Court Management System support contracts coming in well under budget.
- **Non-Departmentals** Expenditures are projected to be \$300,000 over budget due to payments of retirees' accrued leave balances exceeding budget.
- **Prosecutor** Expenditures are projected to be \$1,082,000 over budget due to personnel expenditures. This shortfall will be partially offset by funding from the Prosecutor's Delinquent Real Estate fund in the amount of \$750,000. The offset has been included in the 2010 general fund reserve calculation.
- **Treasurer** Expenditures are projected to be \$34,700 over budget due to bank analysis fees being higher than originally anticipated. Due to a change in accounting practices by the bank these analysis fees are offset by interest earned on the bank account.

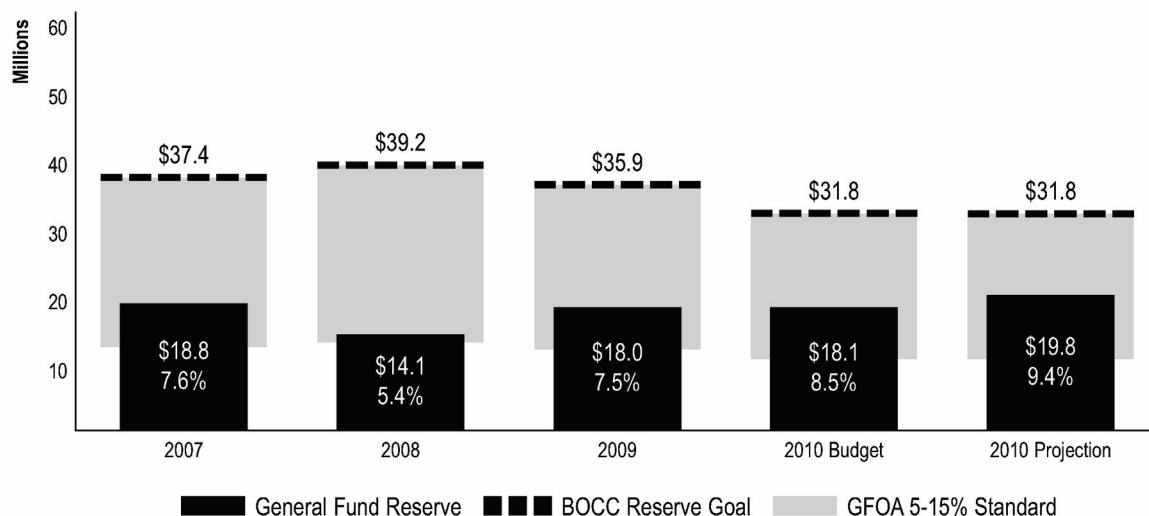
GENERAL FUND RESERVE BALANCE

The general fund is anticipated to end the year with a \$19.8 million fund reserve, a \$1.8 million increase from the 2009 year-end balance. This reserve would amount to 9.4% of ongoing expenditures toward the Commission goal of a 15% minimum fund reserve.

A major indicator of the county's fiscal health is the reserve maintained in the general fund. The Board of County Commissioners have adopted a fund reserve policy that calls for the county to strive to maintain a reserve balance of 15% of ongoing expenditures, and requires the budget to include a 0.5% contribution to reserves when the balance falls below 15%. A 15% reserve would require \$31.8 million in 2010. The 0.5% contribution to fund balance for 2010 would be \$1.1 million.

The Government Finance Officers Association (GFOA) "recommends, at a minimum, that general-purpose governments, regardless of size, maintain unreserved fund balance in their general fund of no less than five to 15% of regular general fund operating revenues, or of no less than one to two months of regular general fund operating expenditures." For the county to meet GFOA standards, the minimum reserve range is approximately \$10.5 million to \$31.8 million using the 2010 approved budget as the base.

Chart 3 - Projected 2010 General Fund Reserve



ATTACHMENTS

- A. General Fund Revenue and Expenditures by Department
- B. General Fund Reserve Projection

**July 2010 GF
Projection Report**

Attachment A

Department	2010 Rev Budget	Rev Revisions	Proj Annual Rev	Rev Variance	2010 Appropriation	Leg Change	Proj Annual Exp	Exp Variance
Auditor	135,832,258	-	140,576,105	4,743,847	2,072,752	-	2,072,534	218
Board of Elections	2,327,500	-	2,287,237	(40,263)	8,128,624	-	8,128,624	-
Building and Development	4,429,270	-	4,636,495	207,225	5,142,426	-	5,098,941	43,485
Clerk of Courts	15,243,123	-	14,305,724	(937,399)	11,394,878	-	11,175,749	219,129
Commissioners & County Admin	6,170,054	-	6,171,099	1,045	2,208,183	-	2,187,938	20,246
Communications Center	72,900	-	59,749	(13,151)	2,903,154	-	2,689,160	213,994
Contracts and Subsidies	260,000	-	259,403	(597)	1,147,568	-	1,147,568	-
Coroner	1,007,700	-	980,000	(27,700)	3,745,659	-	3,717,306	28,353
County Engineer	-	-	-	-	571,508	-	571,508	-
County Facilities	1,820,282	-	2,060,603	240,321	20,369,552	(300,000)	19,949,949	119,603
Court of Appeals	100	-	1,520	1,420	58,439	-	54,092	4,347
Court of Common Pleas	65,488	-	46,738	(18,750)	7,580,444	-	6,720,036	860,408
Court of Domestic Relations	422,500	-	400,648	(21,852)	3,694,122	-	3,627,788	66,334
Court Reporters	3,000	-	795	(2,205)	2,491,395	-	2,383,589	107,806
Debt Service	-	-	-	-	10,237,525	-	10,237,525	-
Economic Dev Department	62,887	-	54,192	(8,695)	1,228,947	-	1,221,005	7,942
Emergency Management	-	-	-	-	454,000	-	454,000	-
Human Resources	5,000	-	8,428	3,428	2,330,731	-	2,167,648	163,083
Job and Family Services	-	-	-	-	1,312,688	-	1,312,688	-
Juvenile Court	10,244,011	-	10,363,801	119,790	20,651,237	-	20,585,237	66,000
Municipal Court	145,924	-	125,621	(20,303)	4,915,894	-	4,914,756	1,139
Non-Departamentals	100,000	-	13,542	(86,458)	3,399,411	300,000	4,035,003	(335,592)
Probate Court	1,228,000	-	1,183,361	(44,639)	2,782,124	-	2,747,756	34,368
Probation	369,471	-	369,643	172	6,461,583	-	6,441,887	19,696
Prosecutor	2,089,145	-	1,905,546	(183,599)	10,548,145	-	11,630,450	(1,082,305)
Public Defender	4,800,900	-	4,862,032	61,132	12,962,000	152,570	13,087,013	27,557
Recorder	3,450,000	-	3,142,691	(307,309)	1,682,664	-	1,682,664	-
Sheriff	9,460,180	315,000	10,126,908	351,728	58,909,410	315,000	59,222,929	1,481
Treasurer	11,930,350	-	9,937,892	(1,992,458)	832,000	-	866,666	(34,666)
Veterans Service Commission	213,000	-	213,000	-	1,527,272	-	1,343,590	183,683
	211,753,043	315,000	214,092,773	2,024,730	211,744,337	467,570	211,475,599	736,307

2010 General Fund Budget
Projected Reserve Balance - July 2010
(in thousands)

Cash balance 12/31/2008	\$26,080
Plus: 2009 revenues	222,162
Less: 2009 expenditures	(217,337)
Plus: Advances repaid	50
Cash balance, 12/31/2009	<hr/> \$30,955
Less: Encumbrances, 12/31/2009	(12,910)
Reserve balance, 12/31/2009	<hr/> \$18,045
Plus: 2010 projected revenue	214,093
Less: 2010 projected expenditures	(211,476)
Less: 2010 Duke Energy tax payments subject to state appeal	(397)
Plus: Transfer from Prosecutor's Delinquent Real Estate Fund	750
Less: Transfer to sales tax fund	(1,200)
Projected reserve balance 12/31/2010	<hr/> \$19,815

Reserve Requirement

Total 2010 budgeted expenditures	\$211,744
Reserve requirement: 15% of ongoing expenditures	\$31,762
Reserve balance, 12/31/09 (7.5% of 2009 budget)	\$18,045
Budgeted reserve balance, 12/31/10 (8.5% of 2010 budget)	\$18,054
Projected reserve balance, 12/31/10 (9.4% of 2010 budget)	\$19,815